



## **CORPORATE SOCIAL RESPONSIBILITY- A STUDY OF IMPLEMENTATING ISSUES IN INDIA**

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### **ABSTRACT**

*Company Social Responsibility is the path through which the corporate entity addresses the large group of stock holder. The CSR gesticulation has been actively supported by several Worlds renowned Organizations like as World Bank, European Commission, Multinational Companies. In present days Corporate Culture the practice of CSR is still now a benevolent but now day by day it has move from nation and institution building to community development with comprehensive influence. The Researcher has carried out the research through Doctrinal Research by way of extensive survey of documents and the reports available concerning the research area.*

**Keywords:** - Corporate Social responsibility, stakeholders, Corporate entity

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## **INTRODUCTION**

In recent past decade it can be noticed that different Scholars were still looking at the concept of CSR from different aspects. The phrase “Corporate Social Responsibility” came into use in the tardy 1960’s and initial 1970’s after many MNC’s formed the term stakeholders, meaning those on whom activities have an gross impact . Companies must voluntarily do transactions in an economically, socially and environmentally responsible manner to be sustainable over the long term. The main goal of CSR is to enclasp responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. The World Business Council for Sustainable development defines CSR as the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. CSR brings benefit to the corporate entities in the matter of cost savings, consumer relationship, human resource management, Humanitarian Social Image etc. For those unfamiliar with the term, it simply refers to the idea that corporations have a duty to do more than just make profits for their shareholders or investors. Additionally, firms are obligated to take care of stakeholders including employees, consumers, the community and the environment. A company's corporate social responsibility (CSR) encompasses a company's commitment to social and environmental responsibilities, as well as a company's focus on employee well-being.<sup>141</sup> There was a realization that something would have to be done to modify the way we were utilizing our planet's resources back in the 1970s and 1980s because of environmental issues including deforestation and pollution. As a result, world leaders met in Rio de Janeiro, Brazil, in 1992 for the Earth Summit. A commitment to halt unsustainable resource use and promote sustainable development was made by nations in Rio. To put it another way, sustainable development is mostly about ensuring that future generations have the same resources as we have. There must be a careful examination of all three aspects of a project, not just one or the other. Conventions on biological diversity and climate change were among the many agreements made during the Earth Summit in Johannesburg. CSR is now seen as a commercial answer to the problem of sustainable development. Maintaining a balance between economic and social aims may be difficult for organizations. Because of this, they must operate in a way that incorporates social or environmental issues into their business functions and relationships

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<sup>141</sup>Premlata, and Agarwal, A. (2013). corporate social responsibility: An Indian perspective. Journal of business law and ethics 1(1).

with stakeholders. India has certainly become one of the world's top nations in requiring companies to engage in CSR activities. As of 1st April, 2014, the first full year of corporate social responsibility reporting and implementation began. In 2013, the Central Government had no qualms regarding the legality of corporate social responsibility in the India. CSR activities have been clearly seen in India with the groundbreaking passage of Section 135 of the Companies Act, 2013, Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014.<sup>142</sup> When it comes to corporate social responsibility (CSR), it's not only about protecting the environment; it's about cultivating long-term, mutually beneficial ties with the society at large that help businesses develop. The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("Rules") were enacted by the Indian government on January 22, 2021.<sup>143</sup> The Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Existing Rules") were revised by the Rules. The Companies Amendment Acts of 2019 and 2020 made significant amendments to Section 135 of the Companies Act's CSR provision. The Ministry of Corporate Affairs (MCA) announced the Draft Companies (Corporate Social Responsibility Policy) Amendment Rules in March 2020 ("Draft Rules") 2 to accommodate for the indicated modifications. The MCA eventually released the Companies (Corporate Social Responsibility Policy) Amendment Rules ("New Rules") 3 on January 22, 2021, putting into effect the amendments made to CSR by the Companies Amendment Acts of 2019 and 2020.<sup>144</sup> Rule 4 of the Existing Rules has been totally modified by the Rules. The amended Rule 4 states that a company can engage in CSR activities directly or through any of the following entities: (a) a company incorporated under Section 8 of the Act; (b) a registered public trust; (c) a registered society under Sections 12A and 80G of the Income Tax Act, 1961; (d) any entity established under an Act of Parliament or a State legislature; or (e) any company incorporated under Section 8 of the Act, registered public trust, registered society under this Section.

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<sup>142</sup>AnkitaSingla, 'Corporate Social Responsibility (CSR) as Per Companies Act, 2013' (*TaxGuru*) <<https://taxguru.in/company-law/corporate-social-responsibility-csr-companies-act-2013.html>> accessed 12 December 2021.

<sup>143</sup>AshimaObhan, 'NEW RULES GOVERNING CORPORATE SOCIAL RESPONSIBILITY - Obhan& Associates' (*Obhan& Associates*, 3 February 2021) <[www.obhanandassociates.com/blog/new-rules-governing-corporate-social-responsibility/?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=LinkedIn-integration](http://www.obhanandassociates.com/blog/new-rules-governing-corporate-social-responsibility/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration)> accessed 12 December 2021.

<sup>144</sup>AshimaObhan, 'New Rules Governing Corporate Social Responsibility - Corporate/Commercial Law - India' (*Welcome to Mondaq*, 4 February 2021) <[www.mondaq.com/india/corporate-governance/1033048/new-rules-governing-corporate-social-responsibility](http://www.mondaq.com/india/corporate-governance/1033048/new-rules-governing-corporate-social-responsibility)> accessed 12 December 2021.

### **Significance of Study:-**

This Research seeks to investigate how Corporate Social Responsibility (CSR) is an integral part of Indian Corporate Culture. An increasing number of Social Scientists are turning their attention to investigation into topic related to implementation of CSR policies in India in modern days. This work will analyses how Indian govt. enacting laws for implementing CSR policies in India also part of CSR in several religious beliefs in India and the challenges faced by the authority time of implementing CSR .

The Proposed Research will specifically contribute towards the following:-

1. Development and Evolution of CSR in India.
2. Challenges faced by Implementing CSR in India.
3. Provisions governing CSR in India.
4. Suggestions in reference to Corporate Social Responsibility- A Study of Implementating Issues in India.

### **Literature Review**

#### **Krista Bondy, The Paradox of Power in CSR: A Case Study on Implementation.<sup>145</sup>**

Despite the fact that current literature assumes positive outcomes for stakeholders as a result of an increase in power associated with CSR, this research suggests that this increase in power can lead to conflict within organisations, ultimately resulting in almost complete inactivity on CSR initiatives. Methods The focus of this single in-depth case study is on the concept of power as an underlying concept. Results to demonstrate how some players exploit corporate social responsibility to advance their own positions within a business, empirical evidence is provided. In order to demonstrate why this may be a more serious problem for CSR, resource dependence theory is applied to the situation.

Conclusions, it is possible that increasing the power of CSR would result in increased personal power for those who are involved with it. This has the potential to attract opportunistic actors who have little interest in realising the benefits of CSR for the firm and its stakeholders. In this way, power can become an impediment to the advancement of CSR strategy and actions at the individual and organisational levels.

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<sup>145</sup> Bondy, K. The Paradox of Power in CSR: A Case Study on Implementation. *J Bus Ethics* **82**, 307–323 (2008). <https://doi.org/10.1007/s10551-008-9889-7>

## **Prodromos Chatzoglou, Examining the antecedents and the effects of CSR implementation: an explanatory study<sup>146</sup>**

Increasingly important for both global and local organisations, corporate social responsibility (CSR) is a notion that is becoming more widely recognised. While it is widely recognised for its importance, there is still a lack of awareness of its full scope of operations, both within and outside of the organisation. The goal of this paper is to design and empirically test a conceptual framework (research model) that analyses the antecedents (drivers) and consequences of corporate social responsibility (CSR) implementation. ERP deployment has a number of antecedents and consequences, which are examined in this study using an innovative three-dimensional conceptual framework developed specifically for this research. In the current literature, a multidimensional method of this nature has been tried at random. For the second time, this study looks into the topic of corporate social responsibility in a time of economic crisis. According to past empirical investigations in the same field, this approach is quite unusual. Third, the findings of the current study may be applied to other nations with similar economic<sup>147</sup> realities and characteristics, which would be a significant advance (e.g. Cyprus, Spain, Italy, Portugal and Ireland). The study concludes by pointing up particular managerial consequences for company leaders.

### **Research Design**

The empirical work is grounded on Company Social Responsibility and its implementing methods in India. For the purpose of assaying the methods implementing CSR policies methods of Doctrinal research has been applied.

### **Research questions**

The research aims to answer the following questions:-

1. What is CSR and what are the laws governing implementation of CSR in India?
2. What are the challenges to the implementation of CSR in India?
3. What are the possible solutions to the proper implementation of CSR in India?
4. What are the Worldwide guide line on CSR?

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<sup>146</sup> <https://doi.org/10.1108/EMJB-12-2016-0035>

## **Research methodology**

This is a descriptive research explaining the situation of CSR that are to be studied in this study. In order to gather data for the study, the researchers used secondary sources such as academic journals and research papers, as well as reports from various institutions and publications and theses.

## **WORLDWIDE GUIDELINES ON CSR:-**

In this present modern world all the big multinationals used CSR as an effective business tool. There are several recognised guidelines, scaffolding in this business world relating to CSR are available.

Some of within these are discussed in this article.

### **➤ United Nations tutoring principles on business and Human rights:-**

In the year of 2011 United Nations Human Rights Councils embrace strong guidelines for procuring principles of Human Rights for action, the leading principles on Human Rights and Business intended to move beyond the debate on voluntary versus binding instruments in the area of Social Rights and Human Rights . The Main Principles stands on three pillars:

- A. It's State duty to protect Human Rights.
- B. It's corporate responsibility to respect.
- C. Proper access to remedy.

### **➤ OECD Principles for Multinational Enterprises :-**

This Organisation framed an encyclopaedic code of conduct for Multinational Enterprises with governance and support in their interactivity with trade unions and in the area of fight against corruption and maintain customer interest. This frame work also contains enjoinder on Foreign investments and Foreign suppliers.

### **➤ The International Labour Organization(ILO) :-**

This organisation was founded in 1919, aims to provide minimum social standards around the world. The concept behind these efforts to intercept corporate entity from

vouchsafe benefits by infringing Labour/worker rights. The main motto of ILO based on 4 basic principles:

- i. Right to freedom of association and have a right to collective bargaining.
- ii. Scrapping of Child Labour.
- iii. Eradicate of child labour.
- iv. Eradicate of discrimination in respect of employment and occupation.

### **PULLULATING IMPORTANCE OF CSR:-**

Company Social Responsibility makes a gross benefit to a corporate entity because it enforces the company owners to research and implement way to be a way for society. The enlistment of a CSR strategy is a vital ingredient of a corporate competitiveness and something that should be led by the company itself. It means having strategies and procedures in place which integrate social , environmental ,ethical human rights or the market concern into trading operations and core scheme all in near combination of stakeholders.

In the study of **Kenex High Performance Institute in London 2015** – A worldwide provider of trading solutions for Men resources found that establishments that had a proper unique commitment to CSR substantially out performed those that did not, with an average return on assets 19 times higher .Additionally the study showed that CSR –orientated companies had a higher level of employee engagement and provided a markedly better slandered of customer service.

In the Study of **Nielsen worldwide survey of 30,000 consumers in 2015**)-it clarify that 66 % of peoples are agreed to pay more moneys if the company product and services which gives positive social and environmental impact to the companies. More of 58 % of people said they were agreed to pay more money if company products are environmentally friendly products. Again 56 % of people said they are agreed to pat more money if the company is known for his Social community development works.

Apart from this CSR gives his own advantages to the company like as

- ❖ **For the Interest of endeavour :-** It gives more essential benefit's to the companies in risk management, cost saving ,Human resource Management, customer relationship and their potency to inaugurate .

- ❖ **For the Interest of the Economy:** - It makes Corporate entities more continual and creative which continual to the more innovative economy.
- ❖ **For the interest of Society:** - it increases social values of the companies.

## **COMPANY SOCIAL RESPONSIBILITY IMPLEMENTATION IN INDIA:-**

From the ages India is known for its Social values. And After independence more of after industrial revolutions Big Corporate entities like TATA GROUP, ADITYA BIRLA GROUP, INDIAN OIL CORPORATION were engaged in Several Social activities like giving donations, organise charity events etc. In the modern India after implementation of Companies Act-2013 by the upper & Lower house of the parliament on 29<sup>th</sup> 2013 , Sec-135 inserted in this act by which it was clarify that Corporate entities with an net worth Rs-500/- crore or annual turnover of Rs- 1000/- crore or net profit Rs-5/- crore are mandatorily liable to performed their CSR responsibilities . After this Act several corporate entities in India day by day realizing that they should include and performed CSR activities in their business activities .The New Act was in motion from the year 2014 to 2015 onwards and all Corporate Houses are require to establish a CSR committee consisting of their Board members including at least one independent director. The basic intention of CSR in last few years is to increase the role of companies in social activities for the overall benefit of societies. Corporate bodies are responsible bodies they had a sense of duty towards environment and community. Now big entities are setting up specific department for making policies regarding their activities relating CSR. This departments and Committees are make policies, strategies and their issues for their CSR programme and allotted Budget for this.

## **PRESENT CSR ACTIVITIES OF SOME INDIAN COMPANIES:-**

The first and for most company in Indian corporate regime is INFOSYS .Not only in India but also in the World this company made a Bench Mark that how to handled social responsibility and gauge it for outside corporate World. The main issue is here that Companies not only talked about CSR but also extrapolate their CSR achievements to the macrocosm. The second one is TATA GROUP. From the very beginning of Indian Industrialisation, J.R.DA TATA made his footmark and after this RATAN TATA makes this group a mostly cherished Corporate Citizen in India. Tata group has lots of contribution regarding Corporate Social Responsibility. He contributed lot in the Health Sector, Environmental issues, Educations by implicating CSR



Policies. Among all TATA group companies 4 companies secured their place in top 10 ranks in CSR for consecutively 2 years. Except these companies Mahindra & Mahindra, Ultra tech Cement, Sri Cement makes good contribution in CSR.

### **1. Infosys**

This software giant made entrenched Infosys foundation in 1996. The main object of this foundation is to promote education, fight against poverty, fight against malnutrition, and strengthen village economy, established gender equality, Women empowerment in India.

### **2. TATA GROUP<sup>148</sup>**

In the year of 2014 the “TATA SUSTAINABILITY GROUP” has been partnering with Tata Companies to embed sustainability in their business strategies, and there by demonstrating responsibility the earth and people. This group’s social beneficial activity relates to Health sector, primary education, women empowerment. 10 principles of CSR at TATA are –

- i. Beyond compliance
- ii. Impactful
- iii. Linked to business
- iv. Relevant to national and local context
- v. Sustainable Development principles.
- vi. Participative and Bottom Up
- vii. Focused on the disadvantages
- viii. Strategic and built to last
- ix. Partnership
- x. Opportunities for volunteering

TATA group use his money to solve Social and environmental Problem.

### **3. ITC<sup>149</sup> :-**

ITC belief that a Company Performance must be measured by its Triple Bottom Line Contribution to build economic, social and environmental capital towards enhancing societal sustainability . In every year ITC group donate hand some amount to Ramakrishna Mission Ashram for performing their relief work as a part of Company Social Responsibility.

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<sup>148</sup> <https://www.tatamotors.com/corporate-social-responsibility/>

<sup>149</sup> <https://www.itcportal.com/sustainability/corporate-social-responsibility.aspx>

#### **4. M & M- Mahindra and Mahindra :-**

This automobile company give emphasis on girls education, farmers development, youths up liftment by supporting them in their education, livelihood enhancement, joining them in innovative, carrier building program. This company think about the well-being of customer, the environment.

Recent days the main issues of Company Social Responsibilities in this country are labours rights, labours standard working condition, environmental management, eco effectiveness, implementing anti-corruption measures.

### **PROBABLE BENEFITS OF COMPANY SOCIAL RESPONSIBILITY:-**

The variety benefits of corporate entity depends upon their business activities. In materialistic sense it depends upon their nature of enterprise. The probable benefits of CSR depends upon these logics.

#### **I. Human Resource Management :-**

CSR activities of a company increases the chances of recruitment and enjoyment. The aspiring candidates often asked in their interviews about the CSR activities of a company and having an extensive policy give them an ascendancy.

#### **II. Catastrophe management :-**

It's an art of a company strategies how to tackle crisis situation of a company. It takes a decade of time of the company to build up a reputation but it takes a few hours to ruined the same .Some elements like corruption, negligent attitudes get unwanted attention of the media, regulatory authorities. So making a proper strategy and work culture of a company upset these elements.

#### **III. Brand exhilaration :-**

In this open market economy every corporate house tries to sell more product then others. CSR activities of an enterprise attract customers to buy product of that particular brand and it will uplift the name of the corporate house. Customers' adhesion depends upon the moral values of the company

#### **IV. License to operate enterprises :-**

Corporation are desirous to avoid intrusion in the business through taxation. By initiating several steps they are dogging govt. authorities that they are taking care burning social issues

like as health, education, freedom of women as an exemplary corporate citizen which makes a good impact upon the Government.

### **CHALLENGES OF CSR:-**

**Paucity of Awareness of Citizens regarding CSR:** - In third world Countries specially in India Publics are unaware of CSR activities of Corporate entities. For this reason public are reluctant to actively participate and contribute in CSR activities of the corporate.

**Transparency issues:** - Deficiency of transparency in the CSR activities of small companies is big issue. Small Companies are unable to spread out their program to the public also unable to disclose their audit of fund, assessments. It makes a negative impact upon the public.

**Effulgence factors:** - Media houses often highlight the successful stories of the CSR activities of the big corporate. It will help them to branding their companies and several nongovernmental organisations involved themselves in CSR activities in issue based programs. But on another side it will often neglect the consequential integral intercession.

**Low insight regarding CSR activities:** - Government and NGO's have lean point of view regarding CSR activities of the corporate. Sometimes these organisations defines CSR activities as a pledge campaign of company. As a consequence corporate houses are in dilemma that whether they performed and engaged themselves in a CSR activities for a long time or not.

**Absence of adequate CSR Guidelines:** - in the matter of CSR no such statutory guideline has been by any authority. Basically it depends company sizes and their business turnover. For that reason business entities are reluctant to engage themselves in CSR activities.

### **SUGGESTIONS**

In order to make firms feel accountable and open to the market and concerned stakeholders, the objective is to discourage unethical business practices and make earnest efforts, regardless of size or volume, to support community and social development. In order to achieve this aim, organizations should take the following steps:-

- a. Corporate entities should emphasise on education, environmental protection, employment generation, Poverty preferment programme in their CSR activities.
- b. In India Companies Act-2013 can only provide punishment for non-filing of adequate details of CSR activities. But it has no penal section for non performing CSR activities. So this type of section should be inserted in the act for the benefit CSR movement.

- c. Generate public awareness relating CSR movements of corporate and urged them to contribute and engaged themselves within it.
- d. Nongovernmental Organisations should take proper initiative for implementing CSR activities.
- e. Media Houses should take active participation to spread the true news of Corporate entities CSR activities.
- f. Government authorities and some big NGO's should change their attitude regarding CSR activities. They should think in a wider way.
- g. Statutory regulations should be initiated by the Govt. regarding CSR activities of enterprises.
- h. Small Companies should maintain transparency about their CSR activities, audits and funds assessments.

## **CONCLUSION**

The Study come to the end and it's pertinent to said that today the concept of Corporate Social responsibility is deeply entrenched in the world-wide Corporate Culture . But in order to move conceptual to practical, many hurdles need to be overcome. Lack of proper regulatory guidelines also makes barrier to implement CSR strategies. In recent days Indian Middle and small Scale Corporate enterprises are take initiative to introduce CSR to enhance their business activities in Remote areas. There is a need of mature mind to understand the usability of Corporate Social Responsibility as an indispensable part of adequate Corporate Culture .Because multinational firms in India have embraced the Western paradigm of corporate social responsibility (CSR), the practice of CSR in India has changed significantly over the years. Another element contributing to the shift in thinking is the entry of Indian enterprises into the global market to compete with their competitors throughout the globe. Indian firms are being compelled to reevaluate their CSR efforts and bring them in line with global norms as a result of the growing public knowledge of global trends. Since the advent of globalization, the multi-stakeholder approach has emerged as a prominent component of India's CSR. All stakeholders, including workers and members of the community and financial institutions, are held accountable for the activities of corporations under this policy. This method entails the incorporation of corporate social responsibility into a long-term business plan of operation. Sustainability-conscious companies must take an all-encompassing view of the problems they face and the solutions they devise. Sustainable development performance (i.e. social equality,

environmental protection, and economic growth) must be proven and practiced in their operations if financial drivers are to be integrated into mainstream company strategy and anchored in organizational values.<sup>150</sup> "People, planet, and profit" is the day's slogan, which is sometimes referred to as "Triple Bottom Line." Additionally, according to Indians, firms should try to minimize human rights violations and relieve poverty in addition to delivering high-quality goods at affordable rates. They want businesses around the world, as well as those in their own backyards, to step up and take responsibility for the societies and communities in which they operate. 8 Businesses need to adopt these ideas if they want to remain viable in a failing society, let alone prosper. Success for a company typically hinges on public acceptance of its activities, especially in a foreign market. However, public acceptance will only occur if the organization is seen as sympathetic to local goals and values. Investors are increasingly considering a company's social performance when making investment choices.<sup>151</sup> They are wary of putting their money into a company that isn't concerned about its social responsibilities. This has led to the importance of a company's social report card in recruiting new investors. Even though the public's expectations of Indian companies may appear high at first glance, they are similar to shifts in public opinion currently taking place around the world. Companies have the ability to participate and make a difference in India's socioeconomic situation, where "corporate social responsibility in India has significant potential for boosting corporate environmental and social conduct."<sup>152</sup> The contribution does not have to be massive and is not simply the obligation of major, multinational corporations with tremendous financial resources to make a contribution. However, even small and medium-sized businesses have a role to play, but only to a certain extent. Increasingly, company plans include elements of CSR.

## **LIMITATION OF THE STUDY**

1. The study is barely based on secondary data.
2. The study is not covered overall areas of CSR.
3. The study has barely for short tenure.
4. The study scarcely applies few analytical and statistical method to draw the conclusions.

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<sup>150</sup>TAJANA CHAHOUD ET AL., CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN INDIA - ASSESSING THE UN GLOBAL COMPACT'S ROLE 24-26 (2007).

<sup>151</sup>SumanKalyanChaudhury, Sanjay Kanti Das, Prasanta Kumar Sahoo, Practices of corporate social responsibility (csr) in banking sector in india:an assessment, Research journal of Economics, Business And ICT, Volume-4,2011, Page no.-76.

<sup>152</sup>TAJANA CHAHOUD ET AL., CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN INDIA - ASSESSING THE UN GLOBAL COMPACT'S ROLE 96 (2007).

## **SUGGESTION FOR FUTURE RESEARCH**

On the basis of this work, the study will offer input resources for further research. The CSR policies of the entrepreneurs in the modern world is day by day improving in a scheduled manner and Govt. tries to make proper rules and regulations to implement this . More research works need to be done in the similar path by applying different time phase and different methodologies. The study recommends that the compulsory CSR policies prescribed by the Company Act 2013 and its new amendment rules should be implemented by the entrepreneurs. Finally, it is recommended that more research should be carried out to find out more about the impact and competence of CSR in Companies.

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